

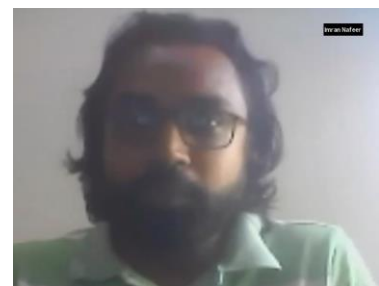
LMFPA holds Webinar for members on challenges and opportunities under new normal environment

As a Capacity Building initiative for its members, the LMFPA organized a webinar titled 'Grabbing opportunities of new normal by small and medium enterprises' on the 7th of December 2020. The webinar was conducted by a renowned National level SME trainer and public speaker Dr. Premasiri Gamage and Development Finance Consultant and Secretary of LMFPA Mr. Imran Nafeer. The webinar was moderated by LMFPA Vice President Mr. Priyantha Dematagoda. The webinar was participated by more than 100 persons from the microfinance and finance industry.



Dr. Gamage explained how the COVID 19 pandemic has affected the Sri Lankan SME sector that has previously created over 2.25 million of employment. The breakdown of the supply chain, working capital, marketing, loss of livelihood opportunities and the psychological trauma has left many MSMEs in disarray. The total MSME sector accounts for 99.8% of the total establishments in the country and it also accounts for 75% of the total employment generation. The government of Sri Lanka has offered concessions on performing loans and non-performing loans as well as the introduction of new working capital or investment purpose loans for the SME sector. Despite the loom and gloom, the pandemic has also created new opportunities that require people to adopt with a new mindset. Creating an online community for business has now become more important than ever before. This can help widen the customer base with a new dimension and reach out to even more potential customers using digital channels. Investing in telecommunication plans that offer unlimited calls/text/internet is important because customers have access either online or offline and providing good service and support servicing customer needs that can help their relationship with the brand (eg. Lockdown situation). Sharing information with fellow SMEs can also pave way for innovation and opportunities for one's own business. Due to the pandemic many social gatherings are restricted if not prohibited giving people the opportunity to organize their extra time in a more productive and efficient manner. Many organizations that used to maintain slow procedures and complex bureaucracies are now forced to break through such barriers and look for novel procedures that require sidestepping overbearing regulations, working with minimum supervision and thus improving efficiency, leading to innovation.

Mr. Nafeer addressed the participants on creating values for clients from an MFI's perspective. Due to the pandemic many MFIs were forced to shut down their operations for some time due to lockdown. As a result of the restrictions imposed on the movability of the people, MFIs were unable to collect the loan installments from their customers. MFIs were forced to close branches, reduce staff salaries and benefits, provide moratoriums and restructure loans to customers, create flexible staff working arrangements and adopt alternative client relationship management (CRM) strategies. The highlight of Mr. Nafeer's presentation



on Creating Values was whether MFIs should simply respond by adjusting to COVID 19 or responding to the change in client's needs due to COVID 19. Creating values depends on how well an MFI understands its customers' needs, lifestyle and the changes in their livelihoods due to the pandemic. While maintaining a high level of transparency with the client, an MFI should always strive to deliver more than what it promises to their customers and add more services (financial or non-financial), constantly keeping in touch with them and not being slow to embrace digital technology . Value creation for MFIs revolves around:

- Product development
- Process re-engineering and
- Additional services

Many MFIs focus more on the actual loan product to customers (how it is designed – its terms & conditions, interest rates etc). Therefore in response to the changing needs due to COVID 19, it is important to look at the MFI's core product and address the real credit needs of the client. The MFI also need to focus on its augmented product and its features such as how it is delivered to the clients and the repayment options, the use of technology in loan disbursement, recoveries and even creating virtual peer groups.

Under Process re-engineering, the focus would be to re-identify the target segments of the MFI. Under the present situation it is crucial for an MFI to go beyond its traditional target segment (eg. Women) and focus on other aspects such as youth entrepreneurs, value chain development, private and government sector employees, specific industries (local garments, dairy, health products etc) as well as creating partnerships with other organizations (charities, training institutions, marketing agencies etc)

On Additional services it is important for MFIs to promote enterprise development services bundled with credit. The COVID 19 pandemic has forced people to embrace a digital culture hence enterprise development services too can be provided similarly (eg. Online training sessions). All in all, as much as microfinance is identified as a tool to fight poverty, and if managed properly it can also be used as a tool to respond to people's needs during a crisis and pandemic situation.

The webinar was a success as it provided great insight for the participants on how to address the present challenges, break away from traditional methods and embrace new opportunities in a digital environment. From the positive feedback it received from the participants, LMFPFA will continue to organize similar webinars again in the near future.